



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

July 27, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **REPORT ON COMPREHENSIVE REVIEW OF REGISTRAR-RECORDER/ COUNTY CLERK PROCUREMENT PROCESSES (ITEM NO. 67, AGENDA OF JULY 31, 2007)**

Item Number 67 on your Board's July 31, 2007 agenda is our response to your Board's motion of July 3, 2007, instructing the CEO to conduct a comprehensive review of procurement processes within the Department of the Registrar-Recorder/County Clerk (RR/CC) with particular attention to how sole source contracts are handled, to determine if these contracts are consistent with County policy as outlined in Internal Services Department's (ISD) and Board of Supervisors' written policies; and establish protocols and timelines that ensures a competitive solicitation with sufficient time for testing and verification prior to elections.

In conducting that review, the CEO assessed whether the RR/CC's processes were consistent with the following County procurement policies.

- In the role of the County's Purchasing Agent, ISD is responsible for reviewing and determining the appropriateness of sole source purchases of commodities (goods) and sundry services under \$100,000.
- The Board of Supervisors is responsible for approving sole source contracts. Although ISD has developed a best practice contracting module including recommended checklists to justify sole source contracts, each individual department is responsible for justifying their sole source contracts.

- Board policy established in 1999 requires all departments to provide a two-week advance notification to the Board indicating their intent to negotiate a sole source contract.

With a focus on sole source contracts, the result of our review was that most of the Department's contracts were competitively bid; however, there were some instances when a sole source contract was negotiated that could have been competitively bid had there been sufficient time. The Department acknowledges that this has occurred and has established timeframes for solicitation of all Board contracts from this point forward. Attached is a chart that outlines each of the Department's contracts, including the two contracts that will be before your Board on July 31, 2007.

### **Background**

The Department has a history of soliciting input from other County departments, other counties, states, and stakeholders in development of new systems. An example is the Director's creation of a high-level strategic task force to support implementation of two new voting systems over a two-year period beginning in March 2003. The task force was comprised of Department Heads from the Chief Administrative Office, Chief Information Office (CIO), Internal Services Department (ISD), County Counsel, Human Resources, Public Social Services, and the City Clerk. The result was a successful implementation of the new voting systems.

### **Review of Procurement Practices**

The Department has two units in their Administrative Bureau that oversee contracts and procurement. Both units report through the organizational structure to the Division Manager over Finance and Management Services. The contracts unit has four full time staff; the procurement unit has nine full time staff. Included is a Section Head for each of the separate functions. Staff works closely with the Internal Services Department and the Chief Information Office to develop and monitor contracts; and procure equipment and services.

Contract staff uses the contracting manual available on the ISD website as reference and as a base document for developing solicitations and agreements. As for training, all contract staff attended the two-day contracting course presented by ISD and are now attending the Learning Academy's Advanced Contracting Methods and Practices course. Additionally, one contract analyst and the Section Head completed the 100-hour Leadership through Contract Management and Administration course presented by the DHR Learning Academy. As for the procurement buyers, that staff attended the ISD procurement training on Purchasing Policies and Procedures.

As outlined on the attached chart, the Department currently has nine Board approved contracts. Three of those are sole source contracts. When those contracts terminate, the Department intends to competitively bid for the next procurements. The most eminent is LR Computers which will expire on June 30, 2008. The Department is in the process of preparing a Request for Proposals (RFP). The other six were procured through an RFP. Additionally, the Department is in the process of releasing an RFP for three new contracts. Each of those is targeted to go before your Board prior to November 2007.

#### **Contracts for Board Agenda of July 31, 2007**

On July 31, the Department will request approval of two contracts. The first is a sole source Agreement with Bowe, Bell and Howell (BB&H) for acquisition of absentee voter ballot sorting equipment; and maintenance and support services. This equipment allows the Department to comply with State law under Assembly Bill 2770, requiring counties to sort by precinct instead of by ballot group (a much more finite number). RR/CC selected the equipment after evaluating other vendor products. It is the same type of sorting equipment that is used by the Treasurer/Tax Collector (TTC) which was competitively bid by ISD in April 2003. At that time, two bids were received. BB&H met all requirements and was the lower and most qualified bidder. The ongoing maintenance for that equipment was also competitively bid in 2006 and BB&H was the only responder.

The RR/CC's selection of BB&H took into consideration several factors: 1) TTC's experience with BB&H as to the accuracy and efficiency of the equipment; 2) the fact that the vendor had been solicited through the County competitive bid process; 3) the RR/CC's review of other vendor equipment; 4) BB&H was able to respond to the urgency and meet the timeline for implementation; and 5) the equipment can handle the large volume and is small enough to fit in the current space at the RR/CC's site.

Regarding the urgency of equipment acquisition and installation, AB 2770 was enacted on September 22, 2006, which left 11 months to evaluate, purchase and install equipment in August 2007, prior to the November 6, 2007 election with 905 precincts. Also important to note, is that at the time of passage, the Department was administering the November 2006 Gubernatorial General Election and the expectation was that the first election in which this requirement would be effective would be the June 2008 State Primary, leaving time for a competitive procurement. The unexpected vacancy elections in two Districts (Assembly and Congressional), as well as the legislative action to move the Presidential Primary to February 2008 were unknown at the time the bill was signed by the Governor.

The second contract is with Diebold Election Systems, Inc. for Amendment Number 2 to the existing Agreement that was competitively bid in September 2001. The Amendment will provide services and support, as well as purchase the scanner equipment; and replace

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and purchase new inserting equipment that had been provided under the original Agreement. The equipment and support will allow continued operations and integration of the RR/CC's voting system environment which is highly critical, as there is only a 20-day window for the RR/CC to process all absentee ballots. During each of the three Statewide elections in 2008, it is expected that the number of absentee ballots will be as high as 800,000. This contract, like the BB&H contract, provides on-site support during all elections. The current contract expires on August 31, 2007.

### **Future Procurements**

The RR/CC has drafted a plan for future procurements (see attached). This plan sets target dates for competitive solicitations to ensure the contracts are competitively bid. Additionally, with the new governance structure, the CEO will monitor departments' contracts to ensure procurement policies are enforced and to help reduce sole source procurements.

WTF:LN:lj

Attachment

c: Executive Officer, Board of Supervisors  
Registrar-Recorder/County Clerk  
Internal Services Department, Director

WTF:LN:ljp

procurement processes.bm

**REGISTRAR-RECORDER/COUNTY CLERK  
DEPARTMENTAL SERVICE CONTRACT LISTING  
AS OF JULY 2007**

Contract Name and Number	Description of Services	BOS Approval Date	Contract Term	Contract Sum	Begin New Solicitation	Current Status
Brown's River Binder, Inc. #75002	Restoration and repair services to the hundreds of vital records index books used by the public to look up birth, death, and marriage records. [RFP]	June 29, 2004	June 30, 2009 [3 years plus 2 one-year extensions]	\$1,500,000	RFP to be released by January 2008	First option year
Election Systems & Software #7100601	Purchase of Help America Vote Act (HAVA) compliant equipment and related services for the enhancement of the InkaVote voting system. Contract provides the Precinct Ballot Reader and Audio Ballot Booth equipment used in each polling location throughout Los Angeles County on Election Day. The contract enabled LA County to comply with HAVA regulations. [RFP]	April 18, 2006	April 24, 2015 [3 years plus 6 one-year extensions]	\$45,184,766	RFP to be developed by November 2013	Initial/base term
Data Trace Inform. Services #73662	Real estate fraud notification services as required by law. [RFP]	October 2, 2001	October 24, 2007 [3 years plus 3 one-year extensions]	\$30,750,000	RFP was released. Proposals due June 26. On Board agenda in September.	Final year
PFA Inc. #72743	Conversion of digital images to microfilm for archival of recorded Real Property and Vital records. [RFP]	May 30, 2000	May 29, 2010 [5 years plus 5 one-year extensions]	\$5,540,000	RFP to be developed by December 2008	Second option year.

**REGISTRAR-RECORDER/COUNTY CLERK  
DEPARTMENTAL SERVICE CONTRACT LISTING  
AS OF JULY 2007**

<b>Contract Name and Number</b>	<b>Description of Services</b>	<b>BOS Approval Date</b>	<b>Contract Term</b>	<b>Contract Sum</b>	<b>Begin Solicitation</b>	<b>Status</b>
Diebold Election Systems #73635	Automated services for the processing of Absentee Voter (AV) material and signature recognition/verification process. <b>[RFP]</b>	September 4, 2001	August 31, 2007 [4 years plus 2 one-year extensions]	\$2,200,000	Amendment before the Board on July 31, 2007	Expires August 31, 2007
Diebold Election Systems #73956	Replacement of the Election Tally System (ETS), Automated Ballot Layout (ABL), and purchase of Direct Recording Electronic (DRE).  BOS adopted an agreement on July 3, with the Secretary of State (SOS) that the County will use GEMS II component (which is federally certified) after state certification. <b>[RFP]</b>	April 16, 2002	Contract term begins upon <u>Acceptance of Integrated System</u> by the State for a 4-year base, plus 2 one-year extensions.	\$4,035,205	To be determined upon acceptance of Integrated System	Awaiting state certification of the GEMS II before acceptance can occur.
Data Information Management System (subsidiary of Diebold Election Systems, Inc. #76010	Maintenance and support services for the Countywide Voter Information Management System (VIMS). Under contract, DIMS developed the system software. Contract provides for continued system maintenance and support. (Forty cities within Los Angeles County contract with the County to access this voter database to verify signatures on petitions and absentee ballots; the cities of Los Angeles and Long Beach further utilize all functionality of this software for absentee voting, pollworker database management, precincting (geography), etc.) <b>[Sole Source]</b>	January 30, 2007	February 9, 2015 [5 years plus 3 one-year extensions]	\$4,116,250	RFP to be developed by September 2013	Initial/base term

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Contract Name and Number	Description of Services	BOS Approval Date	Contract Term	Contract Sum	Begin Solicitation	Status
Global 360, BGS, Inc. #73912	Maintenance and support services for the Document Imaging System. The equipment, software licenses and related services were acquired via purchase order under the County Purchasing Agent's authority (ISD). The cost of on-site support services reached the Purchasing Agent's sundry services threshold of \$100,000, therefore a Board-approved services contract was developed for continued software licenses and maintenance and support services. Contractor owns proprietary rights to Keyfile and STARRS software programs. There are no other sources for the STARRS software. (The County Assessor uses the same proprietary software – exchange of property document data between the Recorder and Assessor relies upon use of same software platform.) <b>[Sole Source]</b>	July 16, 2007	July 15, 2010 [One year plus 2 one-year extensions]	\$1,535,520	RFP to be developed by January 2009	Board approved contract amendment to extend original Agreement on July 3, 2007.
LR Computers #73993	Maintenance and support services for the 40 Microcomputer Tally System (MTS) ballot card readers purchased in 1997 on a Purchase Order under the County Purchasing Agent's authority. The cost of maintenance and support services reached the Purchasing Agent's sundry services threshold of \$100,000, therefore a Board-approved services contract was developed. <b>[Sole Source]</b> NOTE: GEMS II will not impact the maintenance and support of the ballot card readers.	May 21, 2002	June 30, 2008 [4 years plus 2 one-year extensions]	\$480,000	RFP to be released by January 2008	Last option year.

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**New Competitive Bid Contracts in Progress:**

Project Name	Description of Services	Actual/Target Solicitation Date	Proposals Due	Target Board Agenda Date	Status
Color Copier/Printer Equip. Maintenance	Provides maintenance and support services to Dept. Print Shop color copiers/printers including preventative maintenance. [RFP]	April 19, 2007	June 5, 2007	August 2007	Contract negotiation with selected contractor is in progress.
Call Center Support	Will provide an automated call center tracking system that will facilitate the efficient and expedited processing of the multitude of calls ranging from polling place questions to complex election troubleshooting requests. [RFP]	August 2007	September 2007	November 2007	Finalizing solicitation document for County Counsel and CIO review prior to release.
Online Training and Election Task Management System	Online training will enable supplemental training to reinforce pollworker training classes. The web-based election task management solution will provide planning tools for overseeing the magnitude of events leading up to and during an election. [RFP]	August 2007	September 2007	October/November 2007	Finalizing solicitation document for County Counsel and CIO review prior to release.